

Approved For Release 2002/05/09 : CIA-RDP91-00682R000300050027-8  
**Calendar No. 485**

81ST CONGRESS  
1st Session

SENATE

{ REPORT  
No. 498

REDUCING EXPENDITURES IN GOVERNMENT FOR THE  
FISCAL YEAR 1950 CONSISTENT WITH THE PUBLIC  
INTEREST

JUNE 13 (legislative day, JUNE 2), 1949.—Ordered to be printed

Mr. McCLELLAN, from the Committee on Expenditures in the  
Executive Departments, submitted the following

**R E P O R T**

[To accompany S. J. Res. 108]

The Committee on Expenditures in the Executive Departments, to  
which was referred the joint resolution (S. J. Res. 108) to reduce  
expenditures in Government for the fiscal year 1950 consistent with  
the public interest, having considered the same, reports favorably  
thereon without amendment and recommends that the joint resolution  
do pass.

**PURPOSE**

The purpose of this resolution is to bring about a reduction in  
Federal expenditures for the fiscal year 1950. It is apparent that we  
are rapidly approaching a return to deficit financing. There is growing  
concern throughout the Nation over this condition. It is imperative  
that remedial action be taken.

Conditions have changed since the President's budget was submitted  
to the Congress in January. It is obvious that the anticipated  
Federal revenues, as reflected by the budget, will not materialize,  
that unless Federal expenditures are reduced the gap between income  
and outgo will be widened, and that instead of a deficit of 0.9 billion  
dollars anticipated by the budget the deficit may reach \$3,000,000,000  
or more.

When the budget was submitted, the President recommended an  
increase in taxes of \$4,000,000,000, in order to meet the anticipated  
deficit plus other anticipated governmental expenditures. While  
additional taxes could be imposed so that tax revenues would meet  
expenditures, the committee is of the opinion that a raise in the tax  
rate might not produce the necessary additional revenues to prevent  
a deficit, and that such action might seriously contribute to a further

economic decline, and thus broaden and deepen the present trend toward recession.

Having these considerations in mind, the Committee on Expenditures in the Executive Departments has endeavored to work out the best possible method of holding expenditures of the Government within the amount of available revenue. Efforts thus far in the Senate have largely taken the form of attempts to subject individual appropriation bills to a flat cut. These efforts have failed. Senate Joint Resolution 108 would utilize, through the good offices of the President, the available facilities of qualified Federal agencies such as the Bureau of the Budget to effectuate an equitable distribution of the necessary over-all reduction among individual agencies without greatly impairing essential governmental activities.

The formula prescribed in the resolution appears to be the best approach to insure that comparatively small reductions will be applied to those agencies which have already worked out real economies, in contrast with larger cuts that may be applied to those agencies which have made very little retrenchment thus far. This method also makes possible reductions based on the comparative importance of various Federal activities.

Three separate resolutions (S. J. Res. 94, 97, and 102) dealing with this problem were introduced in the Senate, and were all referred to the Committee on Expenditures in the Executive Departments. The committee felt these resolutions should be given immediate consideration, and approached its task in full recognition of the importance of the problem involved, and under the assumption that equal responsibility rests upon the Congress and the President to balance the budget. Therefore, it solicited the assistance and cooperation of the executive branch of the Government in developing all pertinent facts in the course of the hearings with the desire to report out a resolution that would be workable and which could be administered so as to obtain the desired results.

After hearings were held on the three initial resolutions and the provisions of each carefully considered, the committee drafted and considered the subject resolution, Senate Joint Resolution 108, which embodies some of the principal features of the three resolutions under consideration. The sponsors and subject matter of these resolutions are as follows:

Senate Joint Resolution 94, introduced by Senator Tydings for himself and Senators O'Conor and Reed, authorizes and directs the President to reduce by 5 percent total estimated expenditures based on "any and all appropriations" for the fiscal year 1950 "in a manner calculated to bring about the greatest economy in expenditures consistent with efficient operation. \* \* \*". It limits to 20 percent expenditure reductions in individual items of appropriation and requires a statement in the next annual budget of each reduction made. An amendment subsequently proposed by Senator Tydings eliminates the legislative and judicial branches of the Government from the scope of the resolution.

Senate Joint Resolution 97, introduced by Senator Wherry for himself and Senators Bridges and Ferguson, is similar to Senate Joint Resolution 94, except that "in order to balance the budget," in the fiscal year 1950, the President is authorized and directed to cut total estimated expenditures for the fiscal year 1950 by not less than 5

percent nor more than 10 percent. It repeats the 20 percent limit on individual items of appropriation, and the requirement for a report on reductions in the next budget. In addition, it specifies that the President shall certify reductions in appropriation accounts, which shall then be impounded and not expended.

Senate joint resolution 102, introduced by Senator Reed, authorizes and directs the Director of the Bureau of the Budget to reduce by 10 percent the expenditure from all appropriations made for expenditure in the fiscal year 1950 "in the manner calculated to bring about the greatest economy in expenditures consistent with efficient operation \* \* \*." A 20-percent limit on the reduction of individual items of appropriation is also included, along with the requirement of a report in the subsequent annual budget on all reductions. In addition the resolution proposes a Board of Budget Review to examine requests from agencies for restoration of specific reductions. Should the Board determine during the 120 days after passage of the resolution that a reduction "substantially" affects the efficiency of an agency, it is directed to recommend partial or total restoration of the reduction to the President, who "shall take any action deemed necessary to restore such reduction or part thereof \* \* \*."

#### BACKGROUND OF PROPOSALS

The serious financial problem which now impends for the fiscal year ending June 30, 1950, was first indicated in the President's Budget which was transmitted to the Congress on January 3, 1949. That document presented the following estimates<sup>1</sup> of income, of outgo, and of deficit for the fiscal year 1950:

Estimated total 1950 budget receipts	\$40,984,645,347
Estimated total 1950 budget expenditures	41,857,777,869
Estimated 1950 budget deficit	-873,132,522

As above stated, the President's 1950 budget message proposed additional tax legislation to meet the estimated deficit of 0.9 billion dollars as follows:

In a period of high prosperity it is not sound public policy for the Government to operate at a deficit. A Government surplus at this time is vitally important to provide a margin for contingencies, to permit reduction of the public debt, to provide an adequate base for the future financing of our present commitments, and to reduce inflationary pressures. I am, therefore, recommending new tax legislation to raise revenues by \$4,000,000,000. Because of the normal lag in the collection of taxes, however, tax receipts in the fiscal year 1950 would be considerably less.

In presenting the financial program of the Nation, I have carefully considered the economic situation of our country and the effect upon it of large Government expenditures. The Economic Report, submitted recently to Congress, emphasized the compelling need for financial prudence by the Government at this time. The actions taken in preparing this budget reflect that policy.

The Congress has not yet initiated the tax legislation which the President recommended. Meanwhile, the lower level of business activity strongly indicates that total budget receipts will be much less than were anticipated for the fiscal year 1950. The staff of the Joint Committee on Internal Revenue Taxation issued a brief analysis on May 14, 1949, estimating that instead of the January budget estimate of receipts of \$41,000,000,000, the estimate should now be low-

<sup>1</sup> See table I of the budget document for the fiscal year 1950 (p. A4).

ered to 38.9 billion dollars, or a reduction of 2.1 billion dollars. This reduction, taken in conjunction with the deficit presented in the January budget document, means a \$3,000,000,000 deficit or more for fiscal year 1950.

#### HEARINGS ON PROPOSALS

After reference of the three resolutions to the Committee on Expenditures in the Executive Departments, hearings were immediately conducted at which members of the House Committee on Expenditures in the Executive Departments cooperated actively by invitation. At those hearings the sponsors discussed the most important policy questions connected with the proposed resolutions.

The committee undertook to obtain from the most authoritative sources revised information regarding the effect of the present recession upon Federal revenues. It sought to obtain advice and information from the Council of Economic Advisers, and a revised estimate of anticipated revenues from the Treasury Department.

The Chairman of the Council of Economic Advisers or his representative was requested to attend the hearings and submit "the latest available facts and figures relative to probable economic developments during the fiscal year 1950," and their effect on Federal revenues. In reply the Chairman asked to be excused "because of the peculiarly intimate and confidential relations of the Council to the President."

In response to a similar request by the committee a prepared statement was presented on behalf of the Secretary of the Treasury which read in part as follows:

The Treasury is not prepared to present any revisions at this time of estimates for fiscal year 1950. The Treasury prepares estimates of future receipts, generally twice a year, at the request of and for the use of the President, in connection with the publication of the President's budget, early in January, and the President's budget review, usually in August. Each of these estimates is made only after a thorough canvass of hundreds of factors relating to the business and financial conditions of the country. \* \* \* The job of revenue estimating requires a detailed, calculating operation that involves the services of highly trained specialists for a period of 5 or 6 weeks from the time the job is started.

When the representative of the Treasury Department was asked why a similar request by the Finance Committee of the Senate in 1947 had resulted in presentation of a revised estimate in about 2 weeks, the representative asked for time to check. Shortly thereafter, a letter, dated June 3, 1949, was received from the Treasury stating that

\* \* \* On April 19, 1947, the President had released a revised estimate of the budget situation for the then current fiscal year which showed only a total figure for estimated receipts. On April 27 we received a request from Senator Millikin (chairman of the Senate Finance Committee) for the detail of this estimate. The detail of the President's statement and the information was sent to Senator Millikin on May 2, 1947.

Since the Treasury indicated that it could not make the necessary canvass to provide the committee with an accurate revision of budget estimates of revenues in less than 5 or 6 weeks, or until all of the appropriation bills had been acted upon by the Congress, it was obvious that such information would be too late for use by the committee in time to consider and act on the pending resolutions during this session of Congress.

FIXED VERSUS CONTROLLABLE ITEMS OF EXPENDITURE

At the request of the chairman, the Bureau of the Budget prepared an extended tabular analysis of Federal expenditures, which was then discussed in detail by its Assistant Director at the hearings in response to questions of committee members.

This analysis, summarized in the accompanying full-page tabulation, breaks down the total amount of estimated 1950 expenditures among two broad types of commitment as follows: (a) Fixed or relatively fixed expenditures, and (b) relatively controllable expenditures.<sup>2</sup>

*Fixed or relatively fixed expenditures*

Of this extensive general type of commitment, the first numbered classification of "fixed charges" of \$9,000,000,000 must be set apart as not susceptible of any reduction in line with economy efforts. As the tabulation indicates, "fixed charges" include large interest on the public debt, veterans' pensions, and the annual payments which must be made to the separate trust funds from which railroad employees and Federal civil service employees are paid annuities as retirement benefits.

The next classification is entitled, "obligated balances of prior year appropriations," aggregates 6.5 billion dollars, and is less fixed in character though it does not lend itself in any great degree to reduction. Under present law annual appropriations for a fiscal year, which are the most frequent type of appropriations, control obligations within that year whereas resultant expenditures may be spread over several years; that is, the annual appropriations control the total amount of contracts awarded, goods ordered or other arrangements requiring cash expenditure during the current or subsequent fiscal years. While no further obligations may be incurred after the close of the fiscal year, these obligations remain in effect for another two fiscal years during which they may be liquidated as expenditures. This is the reason for the 6.5 billion dollars of estimated payments which must be made in fiscal 1950 because of "obligation balances, etc." carried forward. These balances are fixed in character with the exception of those obligations which may be cancelled or reduced without too great cost. It should also be pointed out that some obligations carried forward will make possible reductions in the new obligations which would otherwise be necessary. Thus the trucks, and airplanes, and ships which are delivered in the current year on the basis of old obligations carried forward for liquidation would permit smaller new orders to be entered and hence smaller new obligations to be incurred in the effort to achieve the proposed reduction in program.

Because the Congress exercises its financial control (through appropriations) over obligations which in part will not be liquidated as expenditures until later fiscal years, a fundamental technical difficulty arises which, among other serious results, causes the Budget document to be without internal cohesion. That document now consists of some 200 pages of the President's budget message, and summary tables almost wholly on an expenditure basis, supported by some 1,000 pages of immense and disconnected obligation detail for individual appropriations.

<sup>2</sup> For similar past analyses see Congressional Records of November 4, 1943 (pp. 9234-9237), of July 7, 1944 pp. A3743-A3747, of July 20, 1945 (pp. A3837-A3842), and of July 10, 1946 (pp. 9581-9582).

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<i>Summary of analysis by Bureau of the Budget<sup>1</sup> of estimated Budget expenditures by type of commitment, fiscal year 1950</i>	
	<i>Estimated 1950 expendi- tures (in millions)</i>
<b>FIXED AND RELATIVELY FIXED EXPENDITURES</b>	
1. Fixed charges:	
Interest on public debt .....	\$5,450
Veterans' Administration (pensions, \$2,111) .....	2,170
Railroad Retirement Board (annual indefinite) .....	718
Civil Service retirement and disability appropriated fund .....	328
All other .....	313
<b>Total</b> .....	<b>8,977</b>
2. Obligated balances of prior year appropriations:	
Economic Cooperation: Foreign assistance .....	1,435
National Military Establishment:	
Army (Greek-Turk aid; Finance, Quartermaster, Transportation, Engineering, and Ordnance Services) .....	1,154
Navy (maintenance, stock and working funds, aviation, aircraft construction, etc.) .....	731
Air Force (general expense; aircraft construction, etc.) .....	378
Civil functions (hospital and dormitory facilities; GARIOA) .....	453
Veterans' Administration: Salaries and expenses .....	112
Treasury Department: Strategic and critical materials .....	103
All other .....	2,181
<b>Total</b> .....	<b>6,547</b>
3. Appropriation to liquidate contract authorization .....	3,036
4. Veterans' Administration: Readjustment benefits .....	2,118
5. Authorizations to expend unappropriated funds .....	1,332
6. Grants to States:	
Social Security Administration: Public assistance .....	988
Social Security Administration: Unemployment compensation .....	134
All other .....	201
<b>Total</b> .....	<b>1,323</b>
7. Public Works (AEC, Veterans' Hospital, Reclamation, Corps of Engineers) .....	966
8. Appropriations for 1951 available in 1950 (grants and payments to States) .....	80
9. Unobligated balances of prior year appropriations (Army Quartermaster; Navy funds) .....	-86
<b>Total fixed and relatively fixed expenditures</b> .....	<b>24,293</b>
<b>RELATIVELY CONTROLLABLE EXPENDITURES</b>	
10. Proposed 1950 legislation not yet enacted:	
Universal training .....	600
Other foreign aid .....	305
Military public works, special program, pay increase, etc. ....	360
Federal aid for education .....	290
All other .....	171
<b>Total</b> .....	<b>1,732</b>
11. Other relatively controllable expenditures:	
National Military Establishment (Air, \$2,362; Army, \$2,781; Navy, \$2,912) .....	8,055
Tele (ERP, \$3,050; Greek-Turk Aid, \$30) .....	3,100
National Military Establishment, civil functions, GARIOA .....	717
Veterans' Administration: Salaries and expenses .....	746
Department of Agriculture .....	500
Treasury Department (Bureau of Internal Revenue, \$219; strategic materials, \$172) .....	648
Department of State .....	202
Department of Commerce (CAA, \$114) .....	215
Post Office Department, net (gross \$408, less increase in rates, \$250) .....	158
Department of Justice .....	124
Federal Works Agency: Public Buildings Administration .....	101
All other, classified .....	510
Not classified .....	619
<b>Total</b> .....	<b>15,833</b>
<b>Total relatively controllable expenditures</b> .....	<b>17,565</b>
<b>Total estimated budget expenditures</b> .....	<b>41,858</b>

<sup>1</sup> Analysis of 1950 Appropriations and Estimated Expenditures as per the 1950 Budget, prepared by Bureau of the Budget, May 24, 1949.

<sup>2</sup> See Table 1 of Budget document for fiscal year ending June 30, 1950 (p. A4).

Among the fixed and relatively fixed expenditures, there remain seven numbered classifications of decreasing financial importance (which add up to 8.8 billion dollars). As the tabulation indicates, these classifications include appropriations required to liquidate contract authorizations; veterans' readjustment benefits which are, at least theoretically, slightly less fixed in character than the veterans' pensions included in the first "fixed" classification above; and grants to States, largely for public assistance and unemployment compensation, as to which a moral if not a legal obligation is involved.

As has been indicated, the above fixed or relatively fixed items of expenditure, aggregating in all 24.3 billion dollars, represent areas within which comparatively small reductions can be made in the total. It should be emphasized, however, that, if the condition of Federal finances is deemed sufficiently serious, it would not be impossible to act rather severely even in this general area.

*Relatively controllable expenditures*

Out of the total estimated 1950 expenditures of 41.9 billion dollars in the budget document, the elimination of the foregoing rather fixed expenditures leaves residual "relatively controllable expenditures," aggregating 17.6 billion dollars. (Note that this total presupposes increases of \$250,000,000 in postal revenues, and that if postal rates are not increased, the reductions to be made elsewhere to achieve the general objective must be further increased by that substantial amount.)

Of the two major classifications within this major area, the tabulation shows that "proposed 1950 legislation not yet enacted," aggregates 1.7 billion dollars. In many ways this classification represents the most readily adjustable type of items for reduction in the budget document because they were included to cover the President's recommendations for new legislation during this session of Congress. If the Congress fails to enact such legislation this amount becomes a reduction without further effort.

Finally, there is the second major classification, "other relatively controllable expenditures," aggregating 15.8 billion dollars. It will be noted that more than half of this amount is attributable to the National Military Establishment, and that a large amount is earmarked for ECA and relief expenditures. As was indicated by various witnesses before the committee at its hearings, it is clear that as a practical matter the over-all objective under discussion can hardly be achieved without a considerable reduction in these two areas.

Of lesser though considerable importance, it should also be mentioned that of necessity this final category of "other relatively controllable expenditures" contains a variety of rather definitely fixed items included among estimated expenditures of the different departments and agencies. These fixed items would tend to restrict the amount of reduction which can be made.

**SUMMARY**

The foregoing text demonstrates that approximately a \$3,000,000,-000 reduction, or 7.2 percent of total estimated 1950 expenditures of 41.9 billion dollars, must be made to bring those expenditures within estimated revenues for the fiscal year 1950. This estimate of the

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amount of necessary reduction is probably too small rather than too large but data are inadequate for a more exact statement.

As a practical matter but little of that total reduction can come from 24.3 billion dollars of fixed or relatively fixed expenditures in the fiscal year 1950. Most of it must therefore come from the remaining 17.6 billion dollars of relatively controllable items. Of these lack of action by the Congress on the new legislation proposed in the President's budget message will provide a direct means of effecting economics among the estimated expenditures included for proposed legislation. There will, however, remain a rather difficult task in making reductions among the estimated military, relief and other "relatively controllable expenditures" for the fiscal year 1950.

To accomplish the objective of bringing estimated expenditures within estimated receipts, the Committee on Expenditures in the Executive Departments has formulated Senate Joint Resolution 108 in lieu of Senate Joint Resolutions 94, 97, and 102. The 30 Senators who sponsored the new resolution include all of the cosponsors of the three original resolutions.

### SECTION-BY-SECTION ANALYSIS

#### *Section 1. Purpose and scope of reductions*

This section directs the President to make a general reduction of at least 5 percent and not more than 10 percent in estimated Federal expenditures to bring them within estimated Federal receipts. Estimated expenditures of \$41,847,777,869 for the fiscal year 1950, as shown in table I of budget document (p. A4), exclude expenditures from trust funds and similar items which are not operating costs of the Government. Thus the resolution will have no effect on such establishments as the Federal Deposit Insurance Corporation, which has been operating from contributions from its member banks with no expenditures from Federal funds. Nor does it include the General Accounting Office, which is a part of the legislative branch of the Government. On the other hand, it does include such items as the Federal contribution toward the expenditures of the government of the District of Columbia.

The above total estimate of expenditure is based on the proposed appropriations and the conditions existing when the budget was transmitted in January 1949. This section requires, however, that this estimate of expenditures be adjusted for changes made by the Congress in appropriation bills as enacted and for changes in estimates of expenditures under borrowing authority.

Estimated receipts of \$40,984,645,347 for the fiscal year 1950, as shown in the same budget document table, must likewise be brought up to date before the required percentages of reduction are applied. They also exclude trust fund receipts, and similar items which are not available to pay costs of operation.

This section closes with two definitions. The phrase "appropriations and funds made available" is defined to include the amount of any borrowing authority estimated for in the budget for the fiscal year 1950, in order that such amounts may be reduced as are moneys coming from appropriations or other funds. The term "agency" is defined to mean any executive department, independent establishment, or corporation which is an instrumentality of the United States,

and thus limits the application of the reduction to agencies in the executive branch of the Government.

*Section 2. Enforcement of reductions*

This section authorizes the President to control, "notwithstanding any other provision of law," the maximum amount of obligations or commitments involving an expenditure during the fiscal year 1950 under any appropriation, fund, contract authorization, or borrowing authority (including new borrowing authority enacted during the present session of the Congress) to be incurred by any officer in the executive branch. It also forbids officers in the executive branch to incur such obligations or commitments as will require expenditures in excess either (a) of relevant estimated budget expenditures including expenditures related to any new borrowing authority, or (b) of amounts specified by the President. The President is authorized, however, to waive the prohibition "in individual cases upon the happening of some extraordinary emergency or unusual circumstance."

The phrase "notwithstanding any other provision of law" was inserted in the resolution in recognition of the fact that reduction of expenditures in certain fields may require the President to cut back programs under which expenditures are more or less mandatory. To cut expenditures under these programs it will be necessary for administrative officers, in effecting reductions, to carry out their programs at something less than the full rate provided by law. Many estimated expenditures in the budget carry out basic legislation which requires automatic payments to fulfill the conditions specified in the statutes. Certain appropriations could not have been reduced by the President without the provision of this section authorizing him to act "notwithstanding any other provision of law."

Certain corporations and agencies are now removed from the usual appropriating procedures and controls and are authorized by law to carry out their programs by borrowing from the Treasury or the public. Unless the authority to obligate or borrow such funds can be controlled by the President, he would be prevented from controlling that area of expenditures.

The following two examples illustrate the use of borrowing authority in the conduct of Federal operations: The Federal National Mortgage Association, a subsidiary of the Reconstruction Finance Corporation, is authorized to purchase mortgages insured by the Federal Housing Administration or guaranteed by the Veterans' Administration, within a total borrowing authority of 40 times its capital stock and surplus. To reduce the expenditures of the Reconstruction Finance Corporation, the President would have to reduce the expenditures applicable to this mortgage-purchase program, now the largest RFC activity, by limiting the commitments the Association may make under its basic law.

Similarly, the Commodity Credit Corporation engages by statute in supporting the prices of agricultural crops and commodities. It is now estimated that this program will require net expenditures of about \$1,000,000,000 in the fiscal year 1950, utilizing part of its \$5,000,000,000 of maximum borrowing authority. The Commodity Credit Corporation has already announced the prices it will support for potatoes, small grains, butterfat, flaxseed, wool, and naval stores, and farmers are expecting similar early announcements for wheat and

for other major crops at the beginning of their marketing season. This resolution authorizes the President in his discretion to reduce the Commodity Credit Corporation expenditures which arise from the use of its borrowing authority.

It should be pointed out that the President is authorized to permit the exercise of borrowing authority or to restore any reductions he may have made in borrowings in any individual cases to meet economic and other emergencies which may arise. Thus, in the examples given above, should the President reduce the borrowing authority of either the RFC or the CCC and subsequent developments indicate the necessity of restoring such reductions, or of increasing the borrowings even above the estimates carried in the budget as adjusted, he is authorized to do so.

#### *Section 3. General criterion for reductions*

This section requires that all reductions be made "in a manner calculated to bring about the greatest economy in expenditure consistent with the efficient operation of the Government." This criterion was contained in all three resolutions on which the subject resolution is based. Some features of this criterion are covered in the general discussion of this report. It merits emphasis to state again, however, that to achieve the prescribed average reduction specified it will be necessary to make more than average cuts on some individual items, and less than average cuts in other cases.

#### *Section 4. Maximum reductions permitted*

Much consideration was given by the committee to the difficult question of specifying a limit on the percentage of reduction beyond which the President might not go in working out the details of this program. All three original resolutions contain identical provisions limiting reductions of expenditure to 20 percent of "any item of appropriation." During the hearings the sponsors indicated that this limit was dictated by the desire to allay any fears that certain activities would be cut too greatly or eliminated entirely.

On the other hand it was also argued during the hearings that the delegation to the President of the difficult task of distributing over-all reduction requirements among many items of governmental expenditure should not be curtailed with detailed restrictions such as a 20-percent limit on individual items. It was also emphasized that such a limitation on individual items would prevent the President from making larger cuts even though there might be general agreement that on a few items a cut of a considerably greater percentage is justified.

Between these two points of view, the resolution applies a maximum of 20 percent in the reductions to be made in "the estimated expenditure by any agency from appropriations and funds made available prior to the expiration of the first regular session of the Eighty-first Congress." This provision makes the areas of restriction broader than single items of appropriation, which were difficult to define. This resolution admittedly places much power in the hands of the President, but confidence must be placed in him to work out the whole program under the formula Congress prescribes.

The reduction program covered by the resolution does not take into consideration any supplementary or deficiency appropriations which may be voted for the fiscal year 1950 at the second session of the Eighty-first Congress when it convenes half way through the fiscal year 1950.

*Section 5. Certifications and reports*

The concluding section of this resolution contains two provisions which were part of the three original resolutions. The first of these requires the President to certify the following information to the Secretary of the Treasury, so that it may be used to control expenditures in the executive branch under both appropriations and borrowing authority: (a) the estimated 1950 expenditures as adjusted to conform with the total amounts estimated for expenditure under appropriations or funds, including borrowing authority; (b) the reductions directed by the President under section 2; and (c) the reductions in expenditures made from each appropriation or fund account, in accordance with the provisions of this resolution. The resolution contemplates that the President, at the start of each quarter, will direct administrative officials to so limit obligations and commitments as to effect the desired reductions in expenditures. At the end of the quarter, the President will certify to the Secretary of the Treasury the reductions which have been made in expenditures from appropriations and funds, and amounts so certified may not thereafter be expended. Adjustments of reductions in amounts remaining in such appropriations or funds may be made in subsequent quarters. With respect to expenditures under borrowing authority, however, such certifications may be waived in subsequent quarters, pursuant to section 2 of the resolution, upon the happening of some extraordinary emergency or unusual circumstance.

The second provision of this and its predecessor resolutions is a requirement that the President must make a report on the progress of the reduction program to the Congress within 15 days after the close of each calendar quarter in the fiscal year 1950. To emphasize the importance which the committee attaches to the elimination of all unnecessary personnel in the general reduction program, the final sentence of this section provides that each quarterly report shall specify the estimated reductions in personnel during such period.

It is the considered judgment of the Committee on Expenditures in the Executive Departments that the enactment of this resolution is necessary and in the public interest in order to avoid a large budget deficit and balance the budget.

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